



**The Comptroller General
of the United States**

Washington, D.C. 20548

Decision

Matter of: American Systems Corporation

File: B-224008

Date: December 22, 1986

DIGEST

Protest that agency is not justified in making sole-source award is denied where work to be performed includes navigation system adjustment and maintenance functions that the protester is not qualified to perform. Although as a general rule, procurements must be conducted on a competitive basis, noncompetitive procurements are permitted when property or services are available from only a single source and other types of property or services will not satisfy the agency's needs.

DECISION

American Systems Corporation (ASC) protests the Navy's proposed award of a contract to the Sperry Corporation for the repair and maintenance of Sperry manufactured Ships Inertial Navigation Systems (SINS). The Navy proposes to award the contract noncompetitively because Sperry is the only known source capable of satisfying the government's requirements. We deny the protest.

SINS are precision, electromechanical systems which employ accelerometers, gyroscopes, a stabilized platform, computer and electronic input/output and control circuitry to supply accurate navigation information such as heading, velocity, latitude and longitude. Outputs from SINS are used to navigate, to compute target intercepts, stabilize radar, guns and launchers, to start control systems in missiles and, on aircraft carriers, to start aircraft inertial navigation equipment.

Some repairs to SINS are beyond the capability of on-board personnel and Navy Mobile Technical Units (MOTUS) which are located in most home ports. In July 1986, the Navy determined that 4 MOTUS would need continuous duty and on-call contract field services to assist in maintenance and repair of Sperry manufactured SINS. These services were previously provided under a contract with Sperry.

037707

In an August 13, 1986, Commerce Business Daily (CBD) note the Navy announced its intention to issue a sole-source solicitation to Sperry for contract field services to assist in maintenance and repair of SINS equipment, for 1 year with 2 option years. The synopsis stated that the services are to be performed for facilities located at Pearl Harbor, San Diego, Naples and Subic Bay and referred to numbered CBD note 22. The note indicated the government anticipated negotiating a contract with the only known source. It further stated that expressions of interest in the requirement or proposals received within 45 days of the publication of the synopsis would be considered.

The Navy also prepared a justification for use of other than competitive procedures, as required by the Competition in Contracting Act of 1984 (CICA), 10 U.S.C. § 2304(f) (Supp. III 1985). The justification concludes that the required services are available from only one responsible source and no other services will satisfy the agency's requirements. See 10 U.S.C. § 2304(c)(1). The justification also states that the SINS equipment is highly specialized and technical and that only Sperry, the original equipment manufacturer, has the detailed design knowledge, factory personnel, parts support and manufacturing drawings that are required. According to the justification, the work can only be done by Sperry because of the complexity of the equipment and the need for readily available factory parts support.

Although ASC did not respond directly to the CBD synopsis, but instead protested to this Office, the Navy has evaluated ASC's protest as a response to the CBD announcement. It has determined that ASC is not qualified to perform the contract. Since no other firm has expressed an interest in competing the Navy now proposes to make award to Sperry.

ASC's Position

In support of ASC's contention that it can provide the required services, the protester maintains that it is currently supporting SINS equipment under a contract with the Naval Supply Center, Norfolk, Virginia. The protester says the task leader of its Inertial Navigation Branch previously was a Sperry field representative with MOTU and has factory support experience. ASC maintains that this individual is fully qualified as a Navy instructor on such subjects as inertial navigation theory and SINS operation, maintenance

and troubleshooting techniques. ASC also says that it has six other staff members with SINS equipment experience including in-fleet use of Sperry equipment, MOTU experience and familiarity with navigation equipment manufactured by Rockwell International and Litton Industries. Further, according to ASC, all data needed by a SINS MOTU field representative is either available on each SINS equipped ship or in ASC's own library.

The protester also maintains that the previous contract with Sperry did not require factory personnel and that such factory support is rarely needed. ASC argues that the contractor should provide only field support maintenance and that factory support could be provided by Sperry with the coordination and assistance of the contractor's field representative. Finally, ASC argues that the procurement should be broken into four contracts, one for each base requiring continuous duty on-call support, so as to permit competition for only a portion of the work.

Navy Position

The Navy states that it followed the procedures required by 10 U.S.C. § 2304(f), for using other than competitive procedures by publishing the CBD required notice, 10 U.S.C. § 416(a)(1)(A), and executing a justification for procurement by other than competitive procedures in accordance with 10 U.S.C. § 2304(f)(1)(A). That justification the Navy points out contained a valid determination that only Sperry can meet its requirements.

Specifically, the Navy argues that Sperry, as the designer, developer and manufacturer of SINS equipment, is the only firm that has the necessary personnel, tools, fixtures, knowledge and data to perform the work. The Navy maintains that the work requires knowledge available from special drawings, instructions and tolerance specifications for refurbishing, replacing and adjusting monitor tables and gimbal bearing assemblies and program listings, flow charts, logic and timing diagrams, sketches and instructions to support troubleshooting SINS computer problems. These materials, according to the Navy are available only to Sperry.

Moreover, the agency argues that ASC is not qualified to perform the work required by the RFP. The Navy says that ASC's contract with the Naval Supply Center is not technically comparable with the contract to be awarded to Sperry, because ASC simply assists the Navy in conducting navigational system tests while the contractor here will have

to repair and maintain SINS equipment. The Navy also says that ASC does not have sufficient qualified personnel.

Analysis

We closely scrutinize sole-source procurements under 10 U.S.C. § 2304(c)(1). Where, however, the agency has complied with the procedures prescribed by 10 U.S.C. § 2304, we will not object to a sole-source award unless it is shown that there is no reasonable basis for the contracting agency's stated grounds for using that exception to the requirement for full and open competition. WSI Corp., B-220025, Dec. 4, 1985, 85-2 CPD ¶ 626. Here, the Navy substantially complied with the procedural requirements of 10 U.S.C. § 2304(f) by advising potential offerors of its requirements in the CBD announcement and evaluating the only response it received.

Moreover, it is clear, as the Navy concluded, that ASC is not qualified to perform the work required. It does not appear that ASC has sufficient qualified personnel to perform the contract. Although ASC states that the task leader of its Inertial Navigation branch previously was a Sperry field representative, the contract calls for four fully qualified engineers. Moreover, ASC's personnel do not appear to be qualified to perform the full range of required duties, which includes such tasks as monitor table and gimbal bearing refurbishment, replacement and adjustment, and ASC has not contended that they are qualified for such tasks.

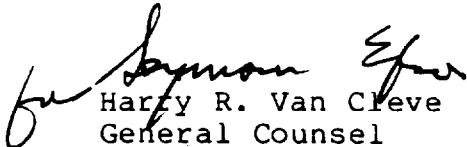
We also have no basis on which to disagree with the Navy's conclusion that only Sperry has the special tools, fixtures and data necessary for the contract. Although ASC says that the information required by a SINS field representative is either available in ASC's library or is on each SINS equipped ship, the record shows the contractor will need tools, fixtures and information beyond that required of a field representative, such as flow charts, program listings, computer logic and electronics for SINS computer problems and manufacturing drawings, replacement procedures, tools, fixtures and references to required tolerances for such tasks as gimbal bearing and monitor table replacement.

ASC's protest is based in part on its belief that it can perform portions of the work provided the contract is structured so that factory support is not required. It would then subcontract with Sperry to provide assistance in performing tasks ASC might not otherwise be able to perform. ASC argues

that factory support was not provided under previous contracts for continuous duty on-site support, and that it is "fully qualified to provide the SINS operational support that has been provided in the past." ASC also believes that the Navy should divide the requirement into four separate contracts, each covering a single base.

According to ASC, the Navy has not shown that the previous contract did in fact include factory level support. In any event, it is for the contracting agency to determine whether to procure by a total package approach or to break out divisible portions of the total requirement for separate procurements. In such cases, we will not disturb the agency's decision to procure on a total package basis unless the protester shows by convincing evidence that the agency's approach is unreasonable. AUL Instruments, Inc., 64 Comp. Gen. 871 (1985), 85-2 CPD ¶ 324. In this instance, we agree with the Navy that it is sensible for it to package engineering training functions at the four bases where continuous duty on-call field support is to be provided, because trained personnel must be on-call, in any event. Moreover, because the on-call field support services can only be obtained from Sperry, ASC's protest that the contract should be broken out base-by-base is without merit.

The protest is denied.


Harry R. Van Cleave
General Counsel